

**ASSEMBLY BILL**

**No. 1608**

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**Introduced by Assembly Member Garrick**

January 8, 2010

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An act to amend Section 1872.81 of the Insurance Code, relating to motor vehicle insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 1608, as introduced, Garrick. Motor vehicle insurance: special assessments.

Existing law imposes on an insurer a \$0.30 special purpose assessment on each vehicle insured under an insurance policy issued in this state by the insurer. Existing law specifies that \$0.20 of each \$0.30 special purpose assessment shall be used to fund specified consumer service functions of the Department of Insurance relating to motor vehicle insurance. Existing law further specifies that the remaining \$0.10 of each \$0.30 assessment shall be used to fund the improvement of certain consumer functions of the department.

This bill would instead require that the amount of the special purpose assessment be determined by the commissioner, and that the amount shall not exceed \$0.30 per insured vehicle. The bill would require that 66.7% of the special purpose assessment be used to fund specified consumer service functions of the Department of Insurance, relating to motor vehicle insurance. The remaining 33.3% of the special purpose assessment would be used to fund the improvement of certain consumer functions of the department, relating to motor vehicle insurance.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

SECTION 1. Section 1872.81 of the Insurance Code is amended to read:

1872.81. (a) In addition to the special purpose assessment imposed pursuant to Section 1872.8, an insurer doing business in this state shall pay to the commissioner an annual special purpose assessment ~~of to be determined by the commissioner, but not to exceed~~ thirty cents (\$0.30), for each vehicle insured under an insurance policy it issues in this state, for expenditure as follows:

(1) An amount equivalent to ~~twenty cents (\$0.20)~~ *66.7 percent* of the special purpose assessment imposed per insured vehicle by this subdivision shall be used for the purpose of paying for consumer service functions of the department that are related to automobile insurance. The revenues under this paragraph shall be used to improve service to consumers through the rating and underwriting services bureau, the claims services bureau, the investigations bureau, or any successor bureaus of the department that may assume the consumer service functions of these bureaus, and legal services in support of these bureaus. The department shall develop a plan for the use of the revenues available under this paragraph for the purposes authorized, and shall submit the plan to the Assembly and Senate Committees on Insurance.

(2) An amount equivalent to ~~ten cents (\$0.10)~~ *33.3 percent* of the special purpose assessment imposed per insured vehicle by this subdivision shall be used for the purpose of improving consumer functions of the department related to automobile insurance. Revenues available under this paragraph shall be used to improve consumer functions through one or more of the following:

- (A) The rating and underwriting services bureau.
- (B) The claims services bureau.
- (C) The investigations bureau.
- (D) Any successor bureau of the department that may assume automobile insurance consumer functions of these bureaus, and legal services in support of these bureaus. These revenues also may be used for improving the ability of the department to respond to consumer complaints and information requests through the department's toll-free telephone number, and for improving the ability of the department to offer information about automobile

1 insurance rates to the public. The department shall develop a plan  
2 for the use of the revenues available under this paragraph for the  
3 purpose authorized, and shall submit the plan to the Assembly and  
4 Senate Committees on Insurance.

5 (3) Notwithstanding paragraph (2), the Department of Insurance,  
6 after January 1, 2006, and the Department of Motor Vehicles, after  
7 that date, may propose to the budget committees of the Legislature  
8 a proposed use of up to five cents (\$0.05) of the ~~ten-cent (\$0.10)~~  
9 *33.3 percent apportionment of the* special purpose assessment  
10 levied pursuant to paragraph (2) related to informing consumers  
11 about the existence of any low-cost automobile insurance program  
12 authorized in law pursuant to Section 11629.7 or other statutes  
13 that also establish a program of the type identified in Section  
14 11629.7. Funds for this purpose shall not be expended without  
15 prior budget approval. The total amount of funds authorized to  
16 both departments in total, or to one department in total, for this  
17 purpose shall not exceed five cents (\$0.05) *per insured vehicle*.  
18 The departments shall explain, with as much specificity as is  
19 reasonably possible, the objectives for the use of the funds and  
20 quantitative criteria by which the Legislature may evaluate the  
21 effectiveness of the department's use of funds.

22 (b) This section shall remain in effect only until January 1,  
23 2015, and as of that date is repealed, unless a later enacted statute,  
24 that is enacted before January 1, 2015, deletes or extends that date.